RJ Reynolds

Tobacco Company

Faith M. Decker
Key Account Manager

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September 10, 1996

TO: KAM's and AM's with Walgreen Responsibility
(Copies Direct-Mailed to you by this Office)

ROU's NOTE: **Please copy all DM's and RM's on this letter. (DO NOT COPY SALES OR RETAIL REPS) A separate letter for Retail/Sales Reps is included in this packet.**

SUBJECT: ***Walgreen Drug - CID #0203-XX-XX***
RETAIL PARTNER CONTRACT

Ladies & Gentlemen:

Great News! We have entered into a Level I Retail Partnership Program with Walgreen. The displays will be placed the 1st week of October on a National basis by Walgreen store personnel.

Displays will be shipped to all stores automatically by Walgreen Drug. Stores have been notified via Walgreen bulletin of placement/program details. Attached is a copy of the details sent to the stores, along with a brand-by-brand plan-o-gram and store instructions. We also are placing, in the display boxes shipped to stores, the same information to ensure appropriate implementation upon arrival. POS advertising pieces will be included in each shipper.

The contract was sold as a "turn key" program; therefore, our reps will not need to place the units. However, during their next visit, they need to ensure that their Region brand priority guidelines are followed and contract compliance is in place.

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Source: https://www.industrydocuments.ucsf.edu/docs/sypm0000

The below listed plans will be mass updated in SIS by this office:

Pack Outlet	NSL1D
Pack Accrual	L1D

All stores doing 100+ industry volume will be on the above plans only.

All stores falling into the 0-99 volume, will qualify for the R.A. Contract, Plan G. These stores will also be mass updated by this office.

Even though many districts qualify for higher grid level contracts, I have chosen to average volumes for at least the balance of 1996.

I realize that Level 2 opportunities may exist within your districts. Therefore, Walgreens has agreed that our Account Managers calling on Walgreen District Offices should present Level 2 to their individual districts. Level 2 will consist of Level 1 components, noted in the Walgreen bulletin, **plus one of the following**:

1. Adding an additional Full Price display in the "Basic Cigarette Department" or:
2. Placing a Full Price display and a Manchester display in the Liquor Department.

The Liquor Departments may provide an excellent opportunity to qualify them for the Level 2 payments. The contract plans for these accounts will be:

Pack Outlet	NSL2D
Pack Accrual	L3D

Please do not offer a higher volume grid at this time unless competitive activity dictates from B & W and you personally discuss the situation with me **first**. If you sell the above plan to your district, you will need to contact my office immediately so the above plan can be entered by this office for you. We will need to know effective date and list of applicable Level II stores only. Walgreens is interested in pursuing Level II and knowing what Districts are participating. Please keep me updated. **UNDER NO CIRCUMSTANCES ARE YOU TO ENTER ANY CONTRACTS ON DISTRICT LEVEL SCREENS!**

Walgreen Headquarters has requested that one (1) check only, covering payment for all districts, be generated each quarter. In order to accomplish this, there can be absolutely no plans entered on District level screens (they must be blank). My screen, which is the #0203-00-00 I.D., is the only screen which should show plans.

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Source: https://www.industrydocuments.ucsf.edu/docs/sypm0000

Additionally, all existing plans within the system, which you may have signed at district level, will be removed by this office on the 1st of October. At that time also, all Level I/R.A. plans will be entered based on stated volume criteria.

It will also be your responsibility to notify Retail Reps of the Level 2 plan, (if you sell it) supply them with plan-o-grams and ensure that complete implementation takes place. Additional displays needed for Level 2 can be ordered by District Managers from their Walgreen rack center. The W.I.C. numbers for these displays are listed below:

RJR Premium/Discount Brand Pack Display	#644403 W.I.C.
Manchester Brand Pack Display	#900140 W.I.C.

Please note that both the premium and discount pack displays are packed in one (1) box, which may leave you with one extra display unit, which could be used as yet another discount display; i.e., Doral, for the Liquor Department area. (The second discount display placement is optional).

The only authorized contract plans, which we will open on our headquarter screen, are listed below:

Pack Outlet	NSL1D
Pack Accrual	L1D
Pack Outlet	NSL2D
Pack Accrual	L3D
R.A.	G
Pack Outlet	L1D
Pack Accrual	L1D
Pack Outlet	L2D
Pack Accrual	L3D

Some districts may be willing to go self-serve; therefore, these contracts cover that possibility.

As each Walgreen district is contacted by RJR Account Managers, a determination should be made as to participation in National work plan promotions. At this time, headquarters will not mandate National work plan promotions. It will be the responsibility of each RJR manager calling on Walgreens to present National promotions and then notify his/her ROU of the district's decision along with the quantity of SKU's needed for 1997. Since promotional templates are built well in advance, "96" promotions will, most likely, not be available through your ROU.

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Source: https://www.industrydocuments.ucsf.edu/docs/sypm0000

You will also need to make arrangements with your Systems/Promotions Coordinator to populate the "VAP" field and the "Supplier" field on the M31 screen for each account. Keep in mind, this should be completed **only** if your District approves the National promotions. If your District does **not** want National promotions, you will need to ensure that the "VAP" field remains blank. The "Supplier" field **must** remain populated.

1996 Partner Accrual promotions will be limited to scan-downs only due to short time frames remaining. Winston-Salem has ensured us that Partner promotion templates will not be generated for 1996 once the contracts are entered into SIS. Partner dollars will be utilized to match competitive scan-downs; however, should you have Walgreen districts currently participating in National promotions, it will be your decision, along with the Walgreen District Manager, as to their continued participation for the balance of 1996 and into 1997. **REMEMBER - ALL PAYMENTS WILL BE HANDLED AT CORPORATE LEVEL.**

Per my letter of July 24th, I requested that each RJR manager with Walgreen District responsibility make the necessary changes to the Merchandising Tables for your individual districts as this could not be accomplished by my office. Please ensure these updates have been made to reflect the new program, removing PM Exclusive status.

Finally, as information, I am sending a modified letter reviewing this material to each ROU for distribution to Retail Reps (copy attached). I suggest to RM's that they may want to consider assigning a quarterly frequency to select stores, as Walgreens will be implementing accrual promotions, placement of POS materials and handling of scan downs for us at store level.

Selling and implementing this project has been a long and lengthy process; I appreciate your patience and assistance. Walgreen has indicated a renewed commitment to the category and they are anxious to grow their volume and RJR share of market. Certainly, we'll begin to see a marked improvement.

Sincerely,

Faith

Faith M. Decker
FMD/pjn
Attachments
cc: ROU's
Regional Managers
AVP's
Area Merchandising Managers
contract.doc

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Source: https://www.industrydocuments.ucsf.edu/docs/sypm0000